



Department of Justice

**FOR IMMEDIATE RELEASE
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PLAYMOBIL AGREES TO STOP FIXING RETAIL PRICES OF TOYS AFTER JUSTICE DEPARTMENT CHARGED THE PRACTICE ELIMINATED COMPETITION

WASHINGTON, D.C. -- The Department of Justice reached a settlement today with Playmobil USA Inc., one of the nation's largest specialty toy companies, that will stop the company from fixing resale prices of its toys sold to retail stores. Playmobil, whose parent company is Geobra Brandstatter GmbH & Co. KG., of Germany, is one of the leading specialty toy companies in the United States with annual sales of more than \$18 million.

Playmobil's popular small plastic figurines, vehicles and buildings are sold in sets organized around themes such as the Wild West, a Victorian doll house, a hospital or a pirate ship. Playmobil agreed to end its illegal price fixing efforts after the Department of Justice's Antitrust Division charged that the practices eliminated competition among retail stores.

The Department filed a civil antitrust suit and proposed settlement in U.S. District Court in Washington, D.C., which accused Playmobil USA, headquartered in Dayton, New Jersey, of reaching agreements on retail price levels with certain dealers and threatening others with termination in order to induce them to cease discounting.

The Department stated that for the past several years the company, pursuant to a written resale price policy, has regularly published resale price ranges for all of its products. In enforcing the policy, Playmobil reached direct and express agreements with a number of its dealers to follow published prices, often only after specifically threatening the dealer with termination as a result of complaints by other dealers. The complaint also alleged that Playmobil USA enforced adherence to minimum resale prices at the request of dealers that sought to end discounting by competing retailers.

According to the Department, these actions were violations of the Sherman Act's prohibition on resale price maintenance under applicable Supreme Court cases. This is the Administration's second case filed by the Department of Justice involving vertical price fixing.

"It is our responsibility to enforce the laws as enacted by Congress and interpreted by the courts," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division. "Although we currently have fewer than 10 pending resale price maintenance investigations, we will continue to act when violations of law in this area are brought to our attention and can be proved by the evidence necessary under the legal standards set by the Supreme Court and the lower courts."

The Playmobil matter was referred to the Justice Department by the Pennsylvania Attorney General's office, which worked closely with the Department during the course of the investigation. Today, the State of Pennsylvania announced its own settlement with Playmobil.

"This matter is another example of the increasing close cooperation between the Department's Antitrust Division and state antitrust officials," said Bingaman. If approved by the court, the proposed consent decree between the Department and Playmobil would settle the suit and be in effect for 10 years. The settlement bars Playmobil from entering into retail price agreements with its dealers and from threatening to terminate dealers from discounting.

For a period of five years, the decree would prohibit Playmobil from establishing a minimum advertised price policy that withholds advertising rebates from a dealer who advertises Playmobil products at a discount. The five year prohibition would permit Playmobil dealers to establish their pricing levels in a market free from the taint of Playmobil's illegal price coercion.

Public comment on the proposed decree is invited within the statutory 60-day comment period. Interested persons may address comments to Rebecca P. Dick, Chief, Civil Task Force 1, Antitrust Division, U.S. Department of Justice, 1401 H. St., N.W., Washington, D.C. 20001.

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